

SAIPEM's presence in:

Brazil



Saipem has been active in Brazil since 2002 and currently operates through its local entity, **Saipem do Brasil Serviços de Petróleo Ltda (SdB)**. Recently Saipem completed its world-class offshore **prefabrication yard located in Guarujá**, a metropolitan area in the coastal region of the São Paulo state which is very well-positioned to serve the rising offshore Santos basin. The **Centre for Technology and Construction Offshore (CTCO)** of Guarujá consists of an operational base with onshore facilities for storage, assembly and submarine component shipment, in order to support offshore activities carried out by Saipem in Brazil. CTCO supports offshore field development projects both as a yard (e.g. for the fabrication of subsea structures, riser systems, buoyancy elements) and as a logistics base (e.g. for the prefabrication of pipe joints to be installed offshore). Moreover, Saipem expanded its **Rio de Janeiro engineering and project execution centre**, therefore positioning itself as a partner of choice for Petrobras, capable of serving the National Oil Co as EPCI main contractor with local project teams in full compliance with Brazil's Local Content requirements.

Saipem's activities

Offshore business

Saipem completed for Petrobras:

- challenging deepwater subsea field developments such as 'P55 steel catenary risers and flowlines';
- offshore deepwater pipelines such as 'Sapinhoà (Guara & Lula-NE pipelines)' and 'Lula NE-Cernambi pipeline'.

Today, Saipem is executing several important deep and ultra-deepwater EPCI projects for Petrobras, including:

- 'Sapinhoà Norte and Cernambi Sul subsea offshore development';
- 'Lula Norte, Lula Sul and Lula Extremo Sul pipelines and free standing hybrid risers (FSHRs)'.

Drilling business

In recent years Saipem operated a few onshore rigs for Petrobras through Petrex, Saipem's drilling subsidiary in South America.

1,527

SAIPEM'S EMPLOYEES

63%

OF WHICH ARE LOCAL

51%

OF MANAGERS ARE LOCAL

65,191

TOTAL TRAINING MAN-HOURS DELIVERED TO SAIPEM'S EMPLOYEES

Onshore business

Saipem has provided Braskem with its Snamprogetti proprietary license for ETBE (Ethyl tertiary butyl ether), a bio gasoline additive produced partially from ethanol as a sustainable alternative to MTBE (Methyl tertiary butyl ether).

Business outlook

Notwithstanding the current global Oil & Gas downturn, coupled with reduced spending by Petrobras now resulting in a regional slowdown, the offshore basins in Brazil have a very high potential (Petrobras alone has huge reserves of some 16 billion bbl of oil) and are expected to keep the industry busy again in the medium to long-term. Future opportunities will come not only from the currently declining mature areas but also and mainly from further developments in the pre-salt area, including the huge and technologically challenging Libra field, for which Petrobras, with its partners Total, Shell, CNPC and CNOOC, has scheduled a first pilot to go online within the first quarter 2017. Finally, Brazil is increasingly attracting the Majors to take operatorship roles.

O. Furci, We are connected, Brazil



On-the-ground presence

Saipem proactively engages local stakeholders in order to promote a constructive and open dialogue and to support the well-being of communities surrounding its activities.

The general objective is to transfer knowledge and to spread HSE culture to employees and external stakeholders. The main initiatives implemented in 2015 are detailed below.

Initiatives addressed to employees

Several internal campaigns were carried out for Saipem employees focusing on health, safety and environmental promotion and topics related to business ethics. For example, an internal campaign raised awareness of the serious social problem of child sexual exploitation. On that occasion the issue was the object of active discussion and information brochures were distributed.

As part of the Company's commitment to keeping all employees informed of the Code of Ethics, induction moments for new employees and training sessions were organised to strengthen the knowledge of all Saipem personnel.

Concerning health protection, particular attention was paid to promoting awareness of dengue: indeed, Brazil is a hotspot for dengue fever, a disease caused by a virus spread by mosquitoes causing fever, dehydration and haemorrhaging that can be fatal. It is one of the most serious endemic diseases in terms of public health

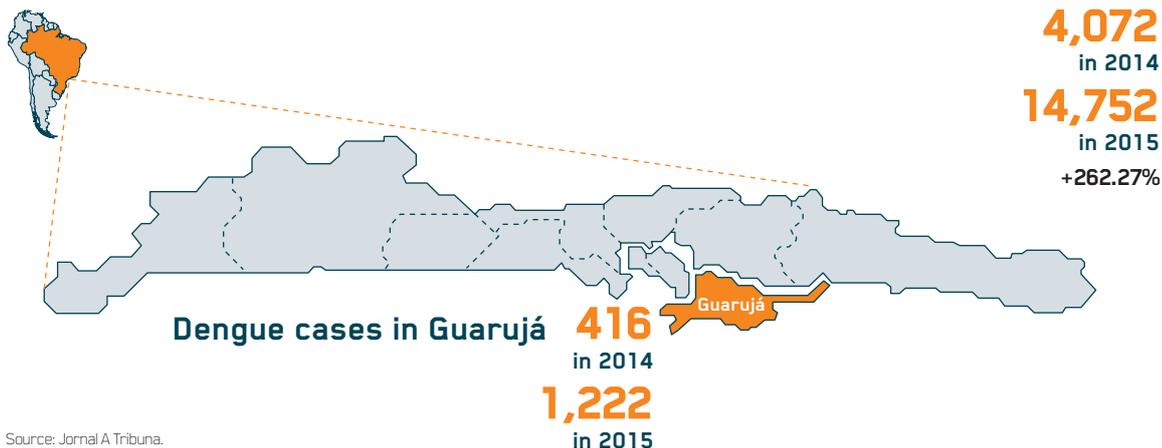
and economic costs. In 2015, Baixada Santista, an area which includes Guarujá, saw a dramatic increase in dengue cases compared to 2014 (see the infographic below). To educate personnel on this issue, Saipem organised internal awareness campaigns in February and December. The goal was to inform Saipem's employees of the risks and prevention measures, such as not allowing standing water to be left out and not disposing of rubbish in the yard in which water can accumulate. The 2016 campaign will be extended to local community members with the same purpose.

729

EMPLOYEES PARTICIPATING IN THE DENGUE CAMPAIGN

Brazil celebrated Fauna Defence Day on September 22, demonstrating the country's commitment to protecting the natural environment and biodiversity. To celebrate this day, Saipem held toolbox talks in Guarujá for the entire workforce focusing on wild animal rescue in the yard and the danger of running over animals on the roads outside the yard. The appearance of animals inside the yard and on nearby roads is very common due to the rich vegetation found in the area. For this reason a Wild Animal Rescue system is in place. Every animal identified in the yard is rescued by the environmental team and then sent to the proper destination: if hurt, the animals are sent to a treatment centre to receive proper care, if the animal is not hurt, it is returned back to its natural habitat, away from operational activities. About 60 animals were

Dengue cases in Baixada Santista region



Source: Jornal A Tribuna.

rescued in the last 2 years. Saipem also installed banners and distributed leaflets on the road outside the yard to everyone passing by calling attention to safe driving to prevent animals from being run over on the roads around the yard and all around Brazil. More than 475 million animals are run over each year on Brazilian roads. The motto of the day was: 'Respect the speed limit. Respect life!'.

about 60

ANIMALS RESCUED IN THE LAST 2 YEARS



Welcoming new employees

In 2015, Saipem do Brasil launched 'Compagno Programme' in the fabrication yard. This initiative aims to make the first few days of new employees easier at Saipem do Brasil, focusing on Safety. Each newcomer is assigned for up to 90 days to a current employee from the same area who can act as a role model, clarify procedures, introduce the new employee to the team, etc. The *Compagno* is not the supervisor, but works close to him or her in order to guarantee proper support. The initial feedback has been very positive.



Promoting the well-being of local community

Many initiatives carried out were aimed at the local community and mainly focused on safety, environment and education. In the area of Santa Cruz dos Navegantes (a district of



Practical training for the voluntary fire brigade

Guarujá) fires, accidents or other domestic emergencies occurred frequently. In August, as part of the *Be Safe/ Live Safe Campaign*, theoretical and practical training conducted by the Fire Department was offered to 20 community volunteers. At the end of the training session, the voluntary fire brigade received fire extinguishers and the participants were awarded a certificate. The initiative strove to improve fire prevention knowledge and contribute equipment to the community and to provide support to the local fire department.

20

RESIDENTS TRAINED IN FIRE PREVENTION

The Guarujá and Santos areas are marked by the presence of the biggest port in South America, whose activities highly impact the surrounding environment.

Share & shape: a follow-up



Share & Shape, a project which invites young employees to share their ideas and help shape the future of the Company, was carried out in Brazil. In December 2014, the work groups presented top management with their ideas and projects they developed with the aim of achieving continuous improvements in terms of both Company processes and work life in general.

In 2015, a team composed of management representatives analysed the feasibility of the proposed initiatives. The Managing Director created a committee to define an action plan

and to work on its implementation. This committee was composed of representatives from different functions selected by the Share & Shape work groups and a representative of top management. Among the initiatives identified, three were implemented:

- establishment of periodic department meetings to strengthen communication, teambuilding and employee engagement;
- improvement of transparency in the Performance Evaluation process in accordance with suggestions made by Share

& Shape participants;

- internal training sessions to increase the understanding of the different department tasks, challenges and objectives. This allowed people to have a better understanding of the final outcome of their work, ask members of top management questions and promote a sense of belonging. This initiative empowered employees to act more confidently and developed a broader vision of internal processes reinforcing cooperation between departments.



Collecting waste during Coastal Cleanup Day

In this framework, on September 17, CTCO celebrated Coastal Cleanup Day, an event created by 'Ocean Conservancy' (an international NGO) 30 years ago and celebrated in more than 120 countries. On this occasion Saipem with its cleanup team, and in partnership with two maritime and land transportation companies, removed 121 kg of waste from nearby rivers and the surrounding sea: a great deal of light and micro waste, such as plastic and paper packing and Styrofoam, was removed. As part of the same initiative, Saipem also supported Greomar, an institute for the rehabilitation of marine animals and environmental education in Baixada Santista, to clean up the beaches around Guarujá city. Saipem distributed water and high visibility vests to participants. 700 people participated in this event and collected 748 kg of waste.

121

 kg

WASTE REMOVED DURING COASTAL
CLEANUP DAY

700

PEOPLE PARTICIPATING IN BEACH
CLEANUP DAY

The Oil & Gas industry is relatively young in the Guarujá and Santos areas. For this reason Saipem held a lecture



Introducing Saipem to Unaerp students

in August on subsea engineering to the students of the University of Ribeirão Preto (Unaerp), one of the largest higher education and technology centres in the state of São Paulo, to provide a comprehensive description of projects developed by Saipem in Brazil and worldwide. For the occasion the SELCE Brazil study (carried out in 2014) was presented, pointing out the positive contribution of the Company in Guarujá and Baixada Santista's socio-economic context.

139

STUDENTS ATTENDING LECTURE

Strengthening local suppliers

Saipem contributes to the development of the local economy by also engaging with its local suppliers. Saipem is striving to increase the number of local suppliers involved in its activities. To achieve its goal, in cooperation with SEBRAE (Brazilian Service of Support for Micro and Small Enterprises), the Company organised a business meeting in December attended by 44 entrepreneurs from Guarujá. On this occasion the participants had the opportunity to become familiar with the projects developed by the Company and the qualification process.

44

LOCAL SUPPLIERS PARTICIPATING
IN THE BUSINESS MEETING



Guarujá Yard